

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON APPROPRIATIONS**

**Call to Order:** By **CHAIRMAN STEVE VICK**, on March 13, 2001 at 8:00 A.M., in Room 102 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Steve Vick, Chairman (R)  
Rep. Dave Lewis, Vice Chairman (R)  
Rep. Matt McCann, Vice Chairman (D)  
Rep. John Brueggeman (R)  
Rep. Rosalie (Rosie) Buzzas (D)  
Rep. Tim Callahan (D)  
Rep. Edith Clark (R)  
Rep. Bob Davies (R)  
Rep. Stanley Fisher (R)  
Rep. Dick Haines (R)  
Rep. Joey Jayne (D)  
Rep. Dave Kasten (R)  
Rep. Christine Kaufmann (D)  
Rep. Monica Lindeen (D)  
Rep. Jeff Pattison (R)  
Rep. Art Peterson (R)  
Rep. Joe Tropila (D)  
Rep. John Witt (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Paula Broadhurst, Committee Secretary  
Taryn Purdy, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: HB 624, 3/9/01, HB 625, 3/9/01  
HB 416, 3/9/01, HB 630, 3/9/01

Executive Action: HB 468, HB 397, HB 57

HEARING ON HB 624

Sponsor: REP. GAY ANN MASOLO, HD 40, TOWNSEND

Proponents: Jody Messinger, Office of Public Instruction  
Mark Branger, Montana Association for Career and  
Technical Education  
SEN. GLENN ROUSH, SD 43, CUT BANK  
Linda Reed, QWEST  
Bob Fusie, Gateway Economic Development Corp.  
Ron Mercer, representing Himself  
Tom Hoffman, Summit Manufacturing  
Steve Turkiewicz, Montana Auto Dealers Assn  
Erik Burke, MEA-MFT  
REP. MONICA LINDEEN, HD 7, HUNTLEY  
Jim Dusenberry, Trucker  
Wayne Buchanan, Board of Public Education

Opponents: Nancy Butler, Montana State Fund  
Riley Johnson, Natl Federation of Businesses

Opening Statement by Sponsor:

REP. GAY ANN MASOLO, HD 40, TOWNSEND said HB 624 is an act creating a career and technical education grant program, providing rule making authority, requiring that the State Fund transfer \$2 million to the General Fund, and appropriating \$2 million from the general fund to the Superintendent of Public Instruction for the Grant Program. This bill is brought because of concern about the lack of students for the skilled labor market and the dropout rate in schools. Because so much of school is geared toward college, many students don't have the enthusiasm they need. Vo Tech programs teach problem solving, foresight, working with the public, working collaboratively, and you learn from your mistakes. The Wall Street Journal recently noted that the biggest reason a business locates where it does is because of a skilled work force. A lot of businesses in Helena can't find a skilled work force. The U. S. Department of Labor says that 65-70% of jobs need high school training and only 1-3 years of technical training beyond high school. Students starting in the automotive field go right to the dealership, even when they are in high school. Cars are very computerized and Vo Tech facilities do not have the money for all the machines that are needed to train their students on. REP. MASOLO said State Fund has \$138,264,000 set aside for claims and the established claims are \$315 million. They will argue that they need a premium increase, but they have already generated a pre-income of \$154,468,000 of contributed capital, **EXHIBIT (aph57a01)**. In the

old fund there are no new premiums or claims, and they have \$18.5 million. This program will take \$2 million which won't hurt either the old or the new.

**Proponents' Testimony:**

**Jody Messinger, Division Administrator for Career and Technical Education, Office of Public Instruction** said the ones you need to hear are those who will speak about why this is so important. She urged support for HB 624.

**Mark Branger, Montana Association for Career and Technical Education** handed out pamphlets entitled "Career and Technical Education in Montana", **EXHIBIT (aph57a02)**. He said they represent the interests of 1500 secondary and post secondary career and technical educators across Montana. Their mission is to better prepare students to enter the competitive work force in a global marketplace. He stated this grant will provide an opportunity for Montana students and will build Montana's economy. Montana ranks near the lowest of all states for funding the added costs of career and technical education. Other states have been successful in drawing a correlation between an investment in technical training and economic development. New technologies and constantly emerging career opportunities require continual program improvement. In Montana, out of state employees fill many jobs that require technical skills. It is our obligation to prepare our students for these jobs. We need to fund our technical education programs at levels that provide our students the same competitive edge as students across the nation. This opportunity is here before us now, and the risk lies in inaction.

**SEN. GLENN ROUSH, SD 43, CUT BANK** said this program has been around in the public schools for a long time. This should be considered an academic program as much as the subjects that are taught in the schools. He said that Helena High School has a career technical education program in place where students learn computers and there is a business in the valley hiring those students right out of that high school program that pays them \$25,000 a year. This is an opportunity for students to succeed at this level and not have to go on to higher education, although he would encourage them to do so if they chose to do that. High tech companies in Bozeman are anxious to hire qualified high school students to be trained at that level or at a 1-2 year level junior college. Many of those jobs start at over \$30,000. Many companies would like to have students trained ahead of time, rather than having to take the time to train them at their business location. There is a demand in Montana and they are good paying jobs. He said the grant program has been pared down and won't train many students, but it will help. It will be

administred by OPI and would probably cover programs in middle school, junior high and high school. It is a start and would help buy some equipment. He urged DO PASS.

**Linda Reed, QWEST** said they support HB 624. She said that a skilled trained work force is one of the pluses for Montana's economy, and her purpose is to talk about the need of current employers for skilled workers. QWEST has 250 employees who are skilled workers; they make telephones work, operate switching equipment, install lines, and make connections in homes. Over 55% of those 250 are retirement eligible today. They could leave tomorrow and we would be without those technical people, and in many cases the public would have no service. They are concerned because we are not graduating people with the skills they need. QWEST operates in a 14 state region and has 76,000 employees with over 1/3 in technical fields. They have a real problem manning the basic services that keep the economy going. Montana is way behind in its efforts to train our students for competency in the skills training area and it is essential for our future in terms of job growth and job protection that we begin to pay attention to this area. The average salary is \$47,000 at QWEST for the jobs she spoke of, and they have a benefits package that equals 40% of salary. These are the kinds of jobs Montana is looking for. They can take people right out of high school, train them in their own systems, and put them on line or take people from vocational programs or two year programs and put them to work immediately. There has been a contradiction in terms of where their advocacy is. Today they are advocating for a program K-12, but if this funding request was from the commissioner of higher education going into vocational schools, she said she would be saying the same thing. They are looking for a seamless approach to skills training, something that would go K-14. She urged support of HB 624, and said it is important to our youth.

**Bob Fusie, retired newspaper publisher and group newspaper manager, volunteer secretary of the board at Gateway Economic Development Corporation** that manages revolving loan funds, public money that goes for job creation. Their purpose is to help create jobs by supporting businesses with public money that are paid back, interest and principal, and then support additional new businesses. Gateway has gone from zero assets to \$2.8 million and from zero load funds to \$2.3 million in two years. In that process, they saved or created 400 jobs in this region. In looking at loan applications of individuals that want to expand existing businesses or bring new businesses in, they find that one of the biggest challenges individuals face is to prove they will have a work force that can sustain their business plan. Money is the biggest problem, but the training program is second. Many times they are talking about on the job training, but that

delays the business plan, and makes it a problem for them to get a loan. They need technical training support at each level, but especially K-12. Many of the new jobs created in Montana are pretty basic, they involve operating a computer on a day to day basis, and supporting technical equipment that requires computer operation. All of this will be aided by HB 624 and the money you can put into technical training. Citizens of Montana have already invested millions of dollars in the micro business program. Hundreds of thousands have been invested in CDBG programs, and they are the most effective job creation programs in the nation. He said the weak point in the system right now is technical training support.

**Ron Mercer, representing himself,** said he serves on the College of Technology Board and is a member of the University of Montana President's Council. He said that up to this point, technical training has always been at the bottom of the funding. \$2 million is a pittance of what needs to be done, and is a bottoms up approach to making our economy turn around. 70-80% of our jobs need technical training. He said he is the airport director in Helena with 25 people working there and every employee there is a technically trained person. There are 600 people working at the airport, 90% of those are technically trained as aviation mechanics, repair people, etc. How can we ask businesses to invest more; millions of dollars in equipment and development and not provide them with a system that brings people up to technical trained positions. He gave an example of a contractor friend whose primary source of employees is high school dropouts. He gets them their GED, gets them back into technical training, and they make some of the best estimators. They are doing well and are making good wages in Montana. We know that only 19% of our sophomore class is going to graduate with a four year program, what are we doing with the other 81%. Let's invest a little money and give these folks the training they need. People are coming in from out of state to take these jobs, we need to do more.

**Tom Hoffman, Summit Manufacturing** said he supports HB 624 and the Helena College of Vo Tech is very important to them. Summit Manufacturing designs and manufactures aircraft components. They have 40 employees, and 30 came directly from Vo Tech. He said they would like to see more advanced technology offered.

**Steve Turkiewicz, Montana Auto Dealers Association (MADA)** said they are probably one of the larger employers of skilled technicians. They employ 1200-1300 skilled technicians that work on vehicles throughout the state and are paid in excess of \$30,000 a year. MADA participates in a national program funded by the big three auto manufacturers. MADA employers are looking for employees throughout the entire northwest region, and many Montanans leave the state to go to other states because of the

attractiveness of those salaries. MADA began a mentoring program with sophomore high school students getting involved in a dealership and learning the trade of being an auto technician. Once the individual reaches graduation, they have a choice of continuing on to a two year program, a four year program, or going directly to the dealership. In Montana, there is only one high school that has the curriculum, the equipment, and the staff to support this program. He said that HB 624 is a vehicle to build Montana's technical education system, please support it.

**Erik Burke, MEA-MFT** said what HB 624 asks for is important. All kids have special needs; we were here for special education, gifted and talented education, etc. and now we are here for vocational education. All these are very important in our kid's lives. This bill will add to Montana's economy, and to Montana's communities. He urged a DO PASS.

**REP. MONICA LINDEEN, HD 7, HUNTLEY** said she has owned and operated an internet service company for the past six years and her largest problem was finding qualified employees. They had positions at varying levels of technical ability and it is difficult when you have to continue to hire people who don't have the technical background and spend the time and money trying to train them. As a result, there are a lot of things you would like to be doing to grow and expand your company that you can't do, and you have to hold off on until these people are trained. It is a big problem, not just for technical companies like internet service providers or telephone companies. Even our existing industries are becoming more technical and it is important that we have these kinds of programs in place and that kids are coming out of high school with those skills.

**Jim Dusenberry, J & D Truck Repair & Towing** said he is on the advisory board of the College of Technology and any funding help would be very helpful. He said a person that can work with his hands will always have a job. This bill provides for classroom equipment and recruiting at the high school level.

**Wayne Buchanan, Board of Public Education** said this is a good bill and the Board wants it known that they support it too.

**Opponents' Testimony:**

**{Tape : 1; Side : B}**

**Nancy Butler, General Council for Montana State Fund** said this bill takes \$2 million from the State Fund and funds an education program. State Fund opposes this funding solution. As an explanation of their position, she gave a background of the law.

It is mandated under Montana law that Montana employers must provide Worker's Compensation coverage for their employees. They can provide this coverage under one of three plans. State Fund is plan three, the private carriers that offer coverage in the state are plan two, and local employers who choose to be self insured are plan one. State Fund operates like an insurance company, just like the private carriers. They are funded in the same way, they charge premiums to the employers, and out of those premiums they pay all their operating expenses and claims. They use the premium dollars to pay the benefits and cover the costs of administering claims. There are two sections of law that are relevant: 2320 in Title 39, Chapter 71 which states that money coming into the State Fund must be held in trust for the purpose for which the money was collected. The only exception is a reference to 2320. This is a section of the law and the bill in section 2. The only other exception was one put into law in 1997 in SB 67. There was \$10 million to be paid back to the general fund in 1998 and \$10 million in 1999. This is money that was appropriated to the State Fund in 1989 that cancelled a 22% rate increase. All they were doing in that section of the law was paying back the money that State Fund had previously received from the general fund. It is critical that State Fund maintains financial stability. They have money set aside to pay claims and those are called Reserves. They are required by law to maintain adequate levels of Surplus. It is poorly named, but it is money that is needed to secure the financial stability of any insurance company. They are held by all insurance companies in order that you can fulfill your future obligations. Worker's compensation needs significant Surplus because you establish premiums each year before you know how many and how severe the claims are that you will receive. The ultimate cost of these claims is not known for a number of years. If insurance companies did not have Surplus, approximately half the insurance companies each year would be insolvent. As far as the level of Surplus the State Fund needs to maintain, they have \$138 million in Surplus right now. This is an adequate level, but they need to continue to grow Surplus for two reasons. Ratio: one of the important ratios is the amount of Surplus you have to your reserves. They like to have a rating of A- issued by A. M. Best and they cannot receive that rating today. In fact there are employers that come to State Fund and they can only receive that coverage because of contract obligations from a company that has an A rating. It is critical that the State Fund maintain adequate Surplus. This would be essentially a special tax on State Fund employers. If it is important, then it should also be a tax placed on Plan Two and Plan One employers. They are situated no differently than State Fund policy holders. This was an issue in several other State Funds and they have gone to court on the issue of diverting surplus. Oklahoma, Oregon and Utah prevailed where it was found that diversion of State Fund assets for other governmental

purposes was unconstitutional. She said this bill is a dangerous precedent, all of you remember the Old Fund. Every employer and employee in the state was required to pay an Old Fund Liability Tax (OFLT) and we don't ever want to go back to that situation where our assets did not cover our liabilities. She urged a no vote, or at a minimum to amend section two from this bill.

**Riley Johnson, National Federation of Independent Businesses** said they have 7,000 members in Montana. The average member has 2-3 employees and \$250,000 in gross sales. They oppose this bill because the source of funding is worker's compensation that the employer pays. It is paid for one purpose, and that is to protect their workers that are put out of work because of an accident. They have been doing it for 86 years. In 1981 they started going in the hole and by 1992 they were \$450 million in debt and State Fund was literally bankrupt. That is when every employer and employee in Montana paid OFLT to get State Fund out of debt. They put together a new plan, started running it more like a business, and today we have a strong fund. This is money put in there for the health and protection of Montana workers. You may say \$2 million isn't much, but in another two or four years it will be the same thing all over again. They don't like to set a precedent and they don't want to go back into debt. The system they have is working very well, it should be left alone. He suggests looking elsewhere for the funding.

#### Questions from Committee Members and Responses:

**REP. MCCANN** asked what an adequate surplus reserve balance would be. **Nancy Butler** said their ratio of reserve to surplus is 2.3 to 1. In the worker's compensation industry, their average was 1.2 to 1. State Fund is 1.6 to 1 and Valor Insurance is 1.7 to 1. They had \$138 million in surplus at the end of fiscal year 2000. In order to get an A. M. Best rating of A-, they would need \$170 million. That would also improve the ratio and make them eligible for a rating that indicates stability of a company.

**REP. LEWIS** asked about the administrative cost allowance raise on the fund so they could make charitable contributions. He said he got the impression from that proposal that they were not really strapped at this point, as far as maintaining reserves. **Nancy Butler** said that is one of the requests that was asked for in legislation. Because they are a Montana worker's compensation insurer, they want to enhance their corporate citizenship. That money would need to be approved by the board each year and would be dependent upon adequate investment return. That was an estimated amount, but the maximum they estimated was \$132,000. That in itself would not trigger a rate increase and would not impact reserve ratios. **REP. LEWIS** then responded to the general



fund loan to state fund in 1989 that was paid back in 1997. He said that over that 10 year period they received an interest free loan from the general fund of \$20 million. At a low rate of interest, even 5%, you would owe more than \$2 million. He said he would argue that the loan is not totally repaid at this point, that \$2 million could be looked at as a partial interest payment on that loan. Would you agree or disagree? **Nancy Butler** said when that money was appropriated for the State Fund, it was not at their request and there were not any payback requirements. In 1997 they felt it would be appropriate to pay it back because State Fund did not want to appear to be a burden on the legislature any further. Since there were no requirements for payback, there were no requirements for interest.

**REP. WITT** asked about worker's comp trust and indicated he had considered using some of those funds. He said this is a good bill, but he is concerned about the source because it belongs to individuals. He suggested a law change in 39-71-2322 and if it is important to the employees of Montana to educate the work force, that needs to be addressed in a separate bill. He also suggested considering an amendment to the bill for some form of payback from employees who used this service or this technology. He said another approach should be used to do this and asked for a response. **REP. MASOLO** said a payback would get more complicated than what she wanted to get into. As far as raiding workman's comp, we are looking into a way to help get skilled workers, so it is not a raid, there is a relationship. She feels this is a real need. She said she didn't see how an amendment could be made. **REP. WITT** said he would like to find a way to fund this bill and offered to help with that. **REP. MASOLO** said she would welcome his help.

**REP. DAVIES** asked if the \$40,000 level jobs she spoke of were entry level jobs. **Linda Reed** said that is the average wage for their technicians. **REP. DAVIES** asked if they do any recruiting elsewhere. Are other states able to supply skilled workers right out of high school? **Linda Reed** said yes, a lot of their technicians come from states other than Montana. They have a training center in Colorado that they consolidate their new recruits into for training and disburse them throughout the state they are needed in. They have a difficult time recruiting directly out of Montana schools.

**REP. DAVIES** asked if it is possible there might be some program in the high school that would better serve the students by incorporating this into it at the expense of another program.

**REP. MASOLO** said this program would already exist in most schools and she is trying to get more money for updating their equipment and training on this equipment. **REP. DAVIES** suggested that

another program can be sacrificed to provide some of that. **REP. MASOLO** said she was not here to say what could be sacrificed. She would leave that up to the local superintendent.

**REP. MCCANN** said the sponsor is trying to relate this program to the worker's comp industry because they have taken the position they are part of the private sector now, to some degree. Perhaps they would want to consider endorsing an idea like this if you have the reserves and the comfort within the budget to take this obligation on. Have you given that any thought? **Nancy Butler** said they had not given it any particular thought. They were concerned about using State Fund assets. They would have to raise rates by \$2 million on their policyholders to recover that money. They are a governmental agency, but their requirement laws function as an insurance company. **REP. MCCANN** said decisions can be made within the organization as to what you will participate in and what you will not participate in. **REP. MASOLO's** proposal will help Montana, and ultimately that is the reputation that you want as well. This is something you might want to talk about.

**REP. BUZZAS** said State Fund got recent statutory authority to invest a certain percentage of its trust fund into the stock market. Do you know how much earnings you have gained off that investment? **Nancy Butler** said the authority was just passed amending the Constitution to allow them to invest up to 25% of their assets in stocks through the Board of Investments. They just started an investment plan in January and are investing approximately \$4 million a quarter for a certain period of time. She does not yet have information on the rate of return. She offered to check with the Board of Investments. **REP. BUZZAS** said it would be helpful in executive action to know what rate of return they are expecting. **Nancy Butler** said she should be able to get that. The primary reason for investing was to diversify their portfolio and average out the ups and downs.

**REP. BUZZAS** asked of any other states that are using these kinds of funds for these programs. **REP. MASOLO** said she did not, she is just trying to help the state of Montana.

**REP. HAINES** asked how long it would take the fund to make up the \$2 million at the current rate. **Nancy Butler** said she is not an accountant and does not know how much of an increase would be necessary to recover that kind of money. **REP. HAINES** said he was not interested in increasing the rate. There was funding coming in that was increasing the balances; how long would it take to make that up. He said she could get the information to him later.

**REP. FISHER** said we should be careful about taking funds that don't belong to us, they belong to the employers that paid into it. He agreed that vocational training needs to be high on the list; it is something the University System should be looking at. He does not think the funds should be pirated.

**{Tape : 2; Side : A}**

**Closing by Sponsor:**

**REP. MASOLO** thanked everyone for testifying. She said she just heard on the radio that Canada has a shortage of 300,000 skilled workers. They start at \$14 an hour and go up to \$30,000 a year, right out of high school. It is true that claims change, liability went from \$130 million in 1999 down to \$118 million in 2000. Claim liability is down, but total claim equity went up, and the net savings went up. No fund is sacred, as the education trust fund found out in 1987 when it was wiped out. She said if a good Vo Tech program were offered in the high schools, many would have chosen an entirely different career and stuck with it.

**HEARING ON HB 625**

**Sponsor:**           **REP. JOHN MUSGROVE, HD 91, HAVRE**

**Proponents:**       **Madalyn Quinlan, Office of Public Instruction**  
                          **Bob Vogel, Montana School Board Association**  
                          **Erik Burke, MEA-MFT**  
                          **Loren Fraser, School Administrator's Office**  
                          **Bruce Messinger, Helena Public Schools**  
                          **Beth Sirr, Parent (written testimony only)**

**Opponents:**       **None**

**Opening Statement by Sponsor:**

**REP. JOHN MUSGROVE, HD 91, HAVRE** said this bill will create a ten member committee that will be charged with producing a comprehensive study of Montana education and its funding by fall of 2002. This study is needed, he heard that when **Eric Feaver** reported on the state of education last fall that he said only three people understand school funding, and two of them are retired. The school funding formula and district tax jurisdiction are the areas the committee should study.

**Proponents' Testimony:**

**Madalyn Quinlan, Office of Public Instruction (OPI)** said HB 625 is sponsored by OPI and requested by members of the Education Forum. Our current school funding system is tied to changes in school enrollment and this has forced significant cutbacks in our school programs and services because of declining enrollment. There is a demonstrated need to reevaluate our school funding formula. The purpose of the K-12 public school funding committee in this bill is to study the adequacy and equity of funding K-12 public schools. Page two lists what this bill will study. There are several bills before the legislature to study taxation and she is concerned that a school finance study is not rolled over into a taxation study and education is looked upon as a function of taxation. School funding should be studied based on the goals the people of Montana want and expect from our public schools. We have to look at tax sources that go into funding schools. Public schools represent 50% of the state budget, higher education kicks in the rest to bring it up to 65%. The membership of the study committee includes legislators, representatives from the state superintendent's office, the governor's office, the board of public education, and three representatives from statewide education associations to be appointed by the state superintendent of public instruction. This will include teachers, administrators and school trustees. Staffing will include someone from the office of program planning, the office of public instruction, and the education associations. The bill contains \$50,000 in general appropriations to fund this study.

**Bob Vogel, Montana School Board Association (MSBA)** said school districts could easily be focused only on the difficulties of the short term that declining enrollments and scarce resources have brought on. MSBA's trustees adopted a resolution to support a badly needed interim study of education funding. There are issues of equity and adequacy in Montana's funding of public education, there are school closures, loss of programs, difficulties in recruiting and retaining teachers and administrators, increasing energy costs, costs of technology, inadequate professional development that would allow the use of new technology in the classroom, and possible increases in class size. There are several approaches to school funding we can look at that will be consistent with those principles of equity and adequacy.

**Erik Burke, MEA-MFT** said they have a strong commitment to look at the school funding formula. Vocational education is an example of something schools do in Montana. He said we must fix the formula and allow our schools to maintain adequacy and try to provide equitable programs. We are not going to succeed in

funding vocational education to the adequate level that we know is necessary. A study can result in good things; this is a major issue that requires a major study. Providing a \$50,000 appropriation to a study of school finance will send a message to the Montana public that the legislature is serious about looking at this funding formula and trying to do the best job possible to educate all of our students. It is a small price to pay; the resources are out there. They would like to take a look at a recent study by Alan Odden at the University of Wisconsin that has come up with several proposals that more adequately fund school reform efforts throughout the country.

**Loren Fraser, School Administrators Office** said he agreed with previous testimony. Looking at the study, when the present formula was put in about ten years ago there was a different economic situation, and an increasing student enrollment. Any formula should be looked at ten years down the line to see if it still meets the student's needs.

**Bruce Messinger, Helena Public Schools** said he supported the need for this kind of study. As we look at developing budgets, an additional area of concern is that of K-6 or K-8 education which is significantly underfunded in relationship to what we are trying to do in K-12 education. Within the formula, it is funded about 1/3 less than the upper grades. Trying to create a comprehensive program within this formula is especially challenging, and this is an area that deserves review.

**Beth Sirr, a Parent** presented written testimony that was entered into the record, **EXHIBIT (aph57a03)**.

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

**REP. MCCANN** said he had been reading about what school districts will have to do to address their lack of funding. He said it might be appropriate to recognize there are already large gaps and disparities between the services across the state. Today's newspaper talks about what the Helena School District is going to do if they don't have the dollars to fund their programs. For example, the district proposes \$129,000 reduction in Arts Plus, Montana Science Institute, Gifted and Talented Program, limiting field trips, opportunities at the Myrna Loy and the Helena Symphony, and artist in residence at the Montana Science Institute. In the K-6 funding they may eliminate six full time music and physical education specialists for grades 1-3. We don't have these services across the state, we only have them in different communities in Montana. He said he does not have them

in his district but he is comfortable with that. When we talk about funding education adequately, we should come to some agreement as to what we are funding. The Supreme Court decision and the disparity is apparent today and it would be appropriate that we address it in this study. There needs to be additional language in the title and throughout the bill to bring about an awareness that services across Montana are not equal.

**REP. LINDEEN** said in the current makeup of interim committees that are assigned studies this study would normally be assigned to the education interim committee. She asked why the existing structure was not used for this study. **REP. MUSGROVE** said they will be used as a resource, but in addition they are trying to encompass as many areas as possible beyond just legislators.

**REP. HAINES** said this effort was assigned to OPI to carry out. Is there anything in your organization that would have a lower priority for the cost. **Madalyn Quinlan** said OPI's primary role in terms of state responsibilities are accreditation of schools, getting the money out to schools, and making sure that schools are accountable for the money they have spent. Those priorities do not drop below this study, but this study is very important. We do not have the staff resources to continue to get the money out to schools and be totally responsible for organizing and orchestrating this study. OPI will have a major role in the number crunching and in providing information, but what we are trying to do here is to put the responsibility on the legislative staff for organizing the meetings, setting schedules, getting agendas out, and informing the public. That is the role that we don't have the resources to undertake at OPI. **REP. HAINES** said are you saying that nowhere in your billion dollar budget can you can find \$50,000 to fund this. **Madalyn Quinlan** said the OPI budget is about \$11 million a year; half of that comes from state money and half comes from federal money. The billion dollar budget is money that goes out to schools and we don't have the ability to tap into that. OPI is making a major commitment in terms of staffing this committee, so it is not as if we are not making any contribution. They need money to pay for travel expenses to the meetings and to keep the meetings organized. That is where the role of the legislative staff would come in.

**REP. HAINES** asked if MEA-MFT would be willing to fund half of this. **Erik Burke** said their responsibilities lie in investing in the professional development of teachers and the quality of programs they can provide to teachers. They do not have the resources in their current budget to fund half of this cost.

**REP. HAINES** said he thought it sounded like this bill would do some of the things MEA-MFT is trying to do.

**REP. BUZZAS** asked how the money will be spent to get the study done. **REP. MUSGROVE** said Montana citizens have a huge capacity for volunteer work and the \$50,000 is primarily for travel to get people to meetings. **REP. BUZZAS** said what **REP. MCCANN** is not reading in the paper is that Helena is also looking at closing a school because of the funding situation. Missoula is looking at closing its third school in the last four years. While you are looking at some of the programs that are having to be cut, in some cases, they are actually required to be taught by state standards. Those are not the only things that are going to be cut. Helena is also looking at closing one of its schools. We are not looking at icing on the cake for education. It is not unreasonable to ask for payment of travel expenses for volunteers; legislators are paid for their travel on interim committees.

**REP. WITT** said the private sector needed to be represented. He said that the legislature and OPI are too close to the issue, so the issue isn't resolved. **REP. MUSGROVE** said he is concerned about that and said they would certainly be a resource at the local level when they look at solving some of the problems. In some cases it is almost political suicide to even look at making a change, and if it is necessary to get private citizens to make the necessary changes, they could modify the bill to meet those needs. **REP. WITT** said he did not know how they would go about selecting private sector people, but they would bring balance to a committee like this.

*{Tape : 2; Side : B}*

**REP. JAYNE** asked about K-12 funding formulas. There must be some focus groups out there now, some ideas from teachers or parents about what could be K-12 effective school funding. How does that get incorporated into the committee. **Madalyn Quinlan** said there are a lot of ideas floating around about how to fund public schools. It is hard to bring all those ideas together during the legislative session. She said they would be looking at town meetings or having the committee travel around the state to hear ideas from people about how schools should be funded. It is important that the committee gets to both urban and rural areas of the state.

**REP. TROPILA** said his comment was the same as **REP. WITT**, that the makeup of the committee is all people that receive the largess from the taxpayer, not the payer of the largess. He said that consolidating House districts may have to be looked at because times are changing in Montana. Money is short, the population is low and we all believe in education. We have to have people that pay for it on this committee and get their input as well.

**REP. MCCANN** asked if the title of the bill could be amended to say: "An act creating an interim study to study the equity of programs and services and the adequacy and equity of funding for K-12 public schools in Montana". **REP. MUSGROVE** asked if the idea was to recognize the difference between small and large school offerings and to make an equalization of those as well. **REP. MCCANN** said yes, to recognize that. **REP. MUSGROVE** said he did not see a difficulty in doing that. The overall curriculum offered is the same in both cases, and it is a local issue as to which of those they choose. He said he is really saddened in the loss of a music program, for example, in any school. It is more severe than most people realize, yet that is one of the first ones they tend to attack. **REP. MCCANN** said the committee needs to understand that the reality is that the icing on the cake goes first. He said that the Turner School is bringing in foreign students to make up the A and B, just to keep their school open. We are looking at an issue that is more complex than just studying the funding. We have other issues to address, and when they go to make a budget cut it is not a K-3 athletic program. They are talking about a history teacher or consolidation of grades, etc. This study needs to look at everything, not just the dollars involved. **REP. MUSGROVE** said another solution would be to have one school district for the entire state. That would have a large equalizing aspect to it. Again, it would be politically unpopular to even consider something like that. **REP. MCCANN** said he would be very comfortable if the end result of this study was that we are going fund, per A and B, a certain amount of basic services to the children of Montana and anything over and above that you can open up to the taxpayer and get rid of these caps. It comes back to a local issue. If we want to provide K-3 athletics, music and art, he said he is comfortable with that. He wants everyone to recognize what is happening across the state, not just what is happening in Helena and Great Falls. Lets look at the smaller communities and see what we want for our children and what we are willing to pay more for. He hopes this study will reveal that. **REP. MUSGROVE** said he did too.

**REP. BUZZAS** said she needed to be on record as never calling music programs icing on the cake. They are a critical part of education and they are part of the state standard. Athletics are additional and not required by the state curriculum, but most people feel it is a valuable program. If we are willing to open up that discussion, we should be addressing the issue of consolidation of districts, as unpopular as that is.

**Closing by Sponsor:**

**REP. MUSGROVE** said we do need this study. Sometimes studies are put aside after they are made. He said if they present some



proposals that it will be dealt with in the next legislative session. Several people have asked that this bill be modified in terms of the direction it is to take and the disparity between small and large offerings. He said he had no problem in amending it to meet those needs. Also, if you choose to include more people on the committee, it may be hard to find someone not directly focused on education, and some of us are also taxpayers. We have had problems with funding since 1863 when Virginia City put a teacher in a classroom and we provided for the needs of our students. We have put together some schemes and mandated approaches to that and we have a very cumbersome way of paying for one of the most important situations that we have. We sometimes spend more looking for a way to get our car fixed than we do finding ways to best serve the needs of our students.

#### HEARING ON HB 416

**Sponsor:** REP. CAROL JUNEAU, HD 85, BROWNING

**Proponents:** Wayne Buchanan, Board of Public Education  
Erik Burke, MEA-MFT  
Madalyn Quinlan, Office of Public Instruction  
Bob Vogel, Montana School Board Association  
REP. BILL EGGERS, HD 6, CROW AGENCY  
George Ochenski, MT-WY Tribal Leaders Council  
Colleen Murphy, MT Social Workers  
Denise Juneau, representing herself  
REP. JOEY JAYNE, HD 73, ARLEE  
Beth Sirr, a Parent (written testimony)

**Opponents:** None

#### **Opening Statement by Sponsor:**

REP. CAROL JUNEAU, HD 85, BROWNING handed out a packet of information on HB 416, **EXHIBIT(aph57a04)**, Fiscal Notes from OPI and the Budget Office on HB 416, **EXHIBIT(aph57a05)**, Fiscal Note on HB 32, **EXHIBIT(aph57a06)**, a resolution adopted by the Montana-Wyoming Indian Education Association entitled "Dropout Study and Prevention Strategies", **EXHIBIT(aph57a07)** and a packet of letters endorsing HB 416, **EXHIBIT(aph57a08)**. She said HB 416 authorizes the trustees of a school district to enter into an interlocal cooperative agreement with a community college or a tribally controlled community college to provide instructional classes for at-risk students or for students who have dropped out of school. This bill is important to Montana because quality education is a key to economic development. Not too many businesses would hire someone with an 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, or 11<sup>th</sup> grade education. A high

school diploma or equivalent is almost the minimum for entry level employment. The Montana Constitution guarantees equality of educational opportunity for all. Part of equality is being offered the opportunity to finish a high school education and being able to have the choice of continuing your education or choosing the world of work if you want. There is a high rate of Indian students that do not complete high school in Montana's public schools, and few people offer solutions. She said she did not track 7<sup>th</sup> and 8<sup>th</sup> graders in the statistics she brought, (exhibit 4). They drop out of school too, so the number is even bigger than what is being shown. In 1995 there were 822 Indian freshmen enrolled in public schools on Montana's seven reservations. In 1996 there were 580 sophomores, in 1997 as juniors there were 503, as seniors there were 418, and that year 381 graduated from high school. Only 46% of those enrolled as freshmen in 1995 finished a four year program and got a high school diploma. During that time period, only 52% of the Indian students graduated statewide. 81% of the 9<sup>th</sup> grade White students graduated during that time period. Take into consideration that some of those students may have moved away, but there are many people coming from the city and returning to the reservation, so it evens out. The Indian population has increased about 18%; it is one of the fastest growing populations. There is a loss of school revenue when these students leaving, but think of the loss to the students themselves, to their families and to our communities. Half of the Families Achieving Independence in Montana (FAIM) caseloads in Montana are American Indian. Half of the American Indian Adults on Temporary Assistance for Needy Families (TANF) do not have a high school diploma. This does not include children who are 16 or 17 that are out of school. We can't have economic growth on our reservation communities if we don't reduce the drop out rate and the TANF rate. This bill is a solution. To allow this to continue without offering workable solutions is ethically, morally, and educationally wrong. HB 416 allows the option to develop a GED program up to age 22 and be able to count these students as part of the school budgeting process. More information about the GED program is in the packet. She said she would amend her bill down to age 21 to lower the cost and would be glad to work with other members on funding.

**{Tape : 3; Side : A}**

**Proponents' Testimony:**

**Wayne Buchanan, Board of Public Education** said of the many education bills out there this session, this one addresses a very important issue in education. For a variety of reasons, not all students are prepared to go to high school. If we counsel students and say the system isn't right for them, we may lose

them. If students are 17-18 when they drop out of high school, they won't come back to the environment that they see failed them. This bill provides a solution which the present system is not equipped to do. He said that he is one of the people that would have liked to do it another way and it took him awhile after high school to decide to go on with his college education.

**Erik Burke, MEA-MFT** said this bill addresses the problem with some funding behind it and they have not had that flexibility in the past. People who receive a high school degree and go on to some post secondary education stand to make \$500,000 more in their lifetimes. This is income that gets taxed at the state level and comes back to the state. This is a cost savings for the state and will provide additional revenue over time.

**Madalyn Quinlan, Office of Public Instruction** said they support the bill for the reasons that have been stated. It is important that we provide avenues for students to keep them engaged in learning and pursuing their high school graduation, whether it is through the normal course of graduation requirements or through the General Education Development (GED) exam.

**Bob Vogel, Montana School Boards Association** said they have a resolution that addresses attendance and graduation rates. MSBA supports methods for improving school attendance for all students, cooperative efforts should also be developed that are aimed at reducing the dropout rate and promoting high school graduation for all Montana students. This bill helps address one particular area of concern. It is not acceptable to have areas of the state that have over 40% dropout rate.

**REP. BILL EGGERS, HD 6, CROW AGENCY** said he had been part of a project in Hardin to try to identify why there was such a high dropout rate of Crow Indian students. He said he is certain the problem lies with the parents, the community and the tribe. This is an effort to attempt to solve the problem from another angle. There are ongoing efforts on tribal reservations to attack it at its home base. He urged support of HB 416.

**George Ochenski, MT-WY Tribal Leaders Council** said there is a copy of a letter from the chairman of that council in the packet everyone received and urged support.

**Colleen Murphy, MT Chapter National Association of Social Workers** said she is pleased educators and social workers are finally coming together because social workers usually address the problem by asking for money after the fact. This bill is a building block, part of our overall economic plan that will keep people out of poverty, and off of public assistance. It is

prevention. The self esteem that comes from not failing and achieving a GED is just as important as economic issues. It is a motivational building block to a productive life. Developmentally, the part of our brain that governs decision making is not fully developed until age 21. The structure offered by a tribal or community college and the opportunity for vocational training is an ideal situation for ages 19-21. We need to capture these students at the point in time when they are about to make some poor decisions for their lives. A GED is a baseline to get people to move up the ladder.

**Denise Juneau, representing herself** said she graduated from Browning and went on to receive a masters degree but has many friends who received their GED that she now looks up to with respect. They went on to become articulate leaders in their fields as well as her bosses. They quit attending school, not because they weren't intelligent and talented, but because they did not fit the mold and there weren't any alternatives. This bill is proactive because it allows schools to offer the option of GED programs as an alternative.

**REP. JOEY JAYNE, HD 73, ARLEE** said she supported the bill and spoke on the value of a GED. She said her mother went to get her GED as a adult when her 11 children were still growing up and now almost has her bachelor's degree. Because of family or personal choice, some individuals do not finish high school and the alternative for a GED is very valuable.

**Beth Sirr, a Parent representing herself**, presented supportive written testimony to be entered into the record, **EXHIBIT (aph57a09)**.

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

**REP. DAVIES** asked for specific information about what **REP. EGGERS** was talking about when he mentioned the problem lies with families and the tribe itself. Do attitude and motivation play a part in this? **REP. JUNEAU** said she could not speak for what the Crow Reservation is doing about high school dropouts. Every reservation community is different. A common thing is the issue of poverty and high unemployment rates and many social issues result from that. Whether it be Great Falls, Roundup or Polson if they had a 67% unemployment rate and no jobs, the dropout rate from their high schools would be very similar to the statistics given today. Every student has a unique reason for dropping out. **REP. DAVIES** said he agreed with what she was saying. He said he would not have completed college if he had not gone into the

Marine Corp first. He said his upbringing was such that he was not made to be responsible for anything. When he was about 40 he became administrator of Big Sky Christian Youth Ranch with about ½ White children and ½ Indian children. To make the children more responsible they planted a large garden, worked in the garden and sold the produce. He said he remembered confronting an Indian boy who didn't want to work, and the boy said he didn't have to because he had Indian money coming in. **REP. DAVIES** said in order to improve the situation, he felt the thing that was ignored is what is going on within the individual. He said this needed to be addressed if there were to be any real results in these programs.

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**REP. PETERSON** said the statistics on page eight of exhibit 4 show that about the same number of Indian and White students are graduating at Fort Belknap and Rocky Boy and asked for comment.

**REP. JUNEAU** said those schools that are successful deserve special attention and should be observed to see what they are doing. Perhaps there are strategies. There are small populations in both schools, there are different programs, and they are concentrated in smaller communities. Rocky Boy School has an Indian superintendent, many Indian teachers and a variety of specific programs addressing who those kids are. **REP.**

**PETERSON** referred to re-thinking the funding foundation. When a community allows its community colleges to serve this purpose but there was no financial arrangement, maybe that is part of the consideration for a new funding proposal. **REP. JUNEAU** said we need to start thinking outside the box, i.e., how can our schools serve our communities better. Schools are a major part of our communities. If business leaders, community college people and public school people all got together we could come up with good ideas and solutions to reduce the dropout rate.

**REP. MCCANN** said the committee had gotten away from the subject of the bill and suggested they are not prepared to deal with the issue of what is impacting Indian children's success rate. He said this bill may not be the solution. What he sees happening is the removal of dropout children from the public school system to be enrolled in community colleges or tribal colleges. He said that he agreed with **REP. EGGERS** that there are some issues that need to be resolved at home. He said this bill may or may not compliment the situation because it is a combination of problems that exist.

**Closing by Sponsor:**

**REP. JUNEAU** said this bill is trying to solve a serious issue. She said she disagreed with **REP. MCCANN** and would visit with **REP. EGGERS**. She said everybody was a little bit right in their comments; this bill has a solution but it is not the only one. She said she had worked in Indian education a long time, they have tried a lot of other things and this one might work. There are lots of proposals for improving the economic situation but reservation communities will not have economic development with 56% of their people not graduating from high school.

#### HEARING ON HB 630

**Sponsor:** **REP. ROSALIE BUZZAS, HD 43, MISSOULA**

**Proponents:** **Jan Lombardi, Dept. of Health & Human Services**

**Opponents:** **None**

**Informational Witnesses:** **Jan Lombardi, Dept of Health & Human Services**

#### Opening Statement by Sponsor:

**REP. ROSALIE BUZZAS, HD 43, MISSOULA** said HB 630 asks you to think of our young people as assets instead of problems. It would establish a child and youth development grant program for the purpose of offering competitive grants to community based programs for young people. It would require that the Interagency Coordinating Council (ICC) for State Prevention Programs administer the grant program, and funding would come from the Montana tobacco settlement. Evidence shows that the most promising approaches to helping young people are those that foster positive youth development, build social and emotional competence, and link young people with mentors. She said she wants to set up the mechanism because there are other programs coming that may have potential funding resources for this mechanism. It also gives 5% of the funding toward staffing the ICC to help make it work for the purpose it was intended to.

**Proponents' Testimony:** None

**Opponents' Testimony:** None

#### Informational Witnesses:

**Jan Lombardi, Dept of Health & Human Services** said she staffs the Interagency Coordinating Council (ICC) and presented written testimony, **EXHIBIT (aph57a10)**, a pamphlet entitled "Prevention

Resource Center" **EXHIBIT (aph57a11)**, and a leaflet entitled "Goals and Benchmarks" of the ICC, **EXHIBIT (aph57a12)**. Her remarks followed the written testimony in exhibit 10.

**Questions from Committee Members and Responses:**

**{Tape : 4; Side : A}**

**REP. PETERSON** asked to what extent they have used AMERICORPS. **Jan Lombardi** said she is not sure if it is an AMERICORPS' project, but there is a volunteer project called GEARUP that operates out of higher education and the office of public instruction. It is goes to communities and helps particularly middle school youth to want to continue in school and complete their high school education. Their VISTAs are not working in the GEARUP project, but this year they have three VISTAs working in Indian communities and their programs on prevention services will incorporate high school completion.

**Closing by Sponsor:**

**REP. BUZZAS** said she had worked in prevention in Montana for a long time but there are other programs. They use volunteers extensively, AMERICORPS, VISTA, and RSVP are an integral part of the program and should be. It also takes money, coordination, program planning, arranging space and planning activities, etc. This bill earmarks dollars from the proceeds of the tobacco settlement in the state of Montana as a startup to establish a childhood development fund for the upcoming biennium. There is a direct connection between this bill and those dollars. Subsequent funding is anticipated to come from interest income from the trust that has been established for tobacco and there are other opportunities for funding. An example would be at the national level. Federal agencies are working to better focus the use of their dollars to achieve common outcomes and to measure those outcomes. A lot of prevention dollars in the state come from federal grants. There is legislation similar to this that is in Congress now called the Younger American's Act and if that bill passes there is an appropriation of \$500 million attached. This act is looking at coordinating that whole federal effort on dollars that come to the state to try to make it more accountable and more collaborative in their approach. If that money should come to Montana, this is an ideal fund for it to go into because we are already positioned with an infrastructure to deal with it. She said she would set up the mechanism so that if federal dollars become available we can apply it. She said she is also interested in the availability of private dollars as more and more private businesses become interested in the mentoring concept. She said that sometimes it takes very little to see a

huge change in a child. She handed out a pamphlet entitled "The Asset Approach, giving kids what they need to succeed", **EXHIBIT (aph57a13)**. She said it lists 40 developmental assets that help kids to succeed. To be a successful adult, you need about 30 assets in your life.

**EXECUTIVE ACTION ON HB 468**

**Motion:** REP. CLARK moved that HB 468 DO PASS.

**Discussion:**

REP. CLARK said she had an amendment for HB 468 that is the funding mechanism. REP. LEWIS said he would do it conceptually. This was the bill to buy hearing screening equipment for newborns. We have surplus money in an account in Department of Public Health and Human Services (DPHHS). They collect a tax each year off telephone bills to help people acquire equipment that allows use of the telephone for the hearing impaired. It is called MTAP. He said if the amendment is approved, they could take \$100,000 out of that account to fund HB 468 and make a one time purchase of the equipment for hospitals to screen newborns.

**Motion:** REP. LEWIS moved that **CONCEPTUAL AMENDMENT TO HB 468 BE ADOPTED.**

**Legislative Staffer Taryn Purdy** located the amendment and explained an additional part. She said the purpose would be to purchase equipment rather than program administration.

REP. KAUFMANN asked if the amendment would clarify that this is not for the administration of a program, that it is for equipment purchase. Would the appropriation in section 5 be removed and different language inserted. REP. LEWIS said that is his concept.

**Motion/Vote:** REP. LEWIS moved that **AMENDMENT TO HB 468 DO PASS.**  
**Motion carried unanimously.**

REP. KASTEN asked if there is any way that the funding we just passed could be done without putting it into statute. He said he is concerned about ongoing ramifications of these acts and unless someone clarified this he would have to vote against it. REP. LEWIS said the intent of the program was to set up a task force to work with the hospitals on establishing the program of doing screening for newborn infants. There are a lot of rural hospitals that don't do that. REP. CLARK said it is her understanding this is a one time appropriation to help people buy the equipment to do the tests. The program is already in progress, all we have to do is get the equipment for testing. REP. KASTEN asked what they



would do two years from now when this statute was already in place. **REP. LEWIS** said all the statute does is set up the task force which the department would be responsible for putting together to establish the procedures for setting up the screening program and applying for a grant for equipment. They would have to come in and ask for a grant for more equipment in two years and the legislature would look at it then. This equipment lasts a long time, but they might be back to ask for more money to buy more equipment.

**REP. JAYNE** said her notes indicate equipment was about \$10,000. We discussed whether we could take care of this without legislation and the problem without legislation was that children were missed at hospitals or that a lot of the rural areas were not covered. That is why the proponents of the bill wanted it to be codified. There was supposed to be some money in SB 3 for this type of equipment.

**REP. HAINES** referred to section 5 of the bill and said all they changed was where the money comes from. It says specifically "\$200,000 a biennium beginning July 1, 2001 and ending June 30, 2003". Section 6 codifies section 1-4, but not section 5, and that tells me clearly that the money is one time only for this biennium and at that point if they want more they have to ask.

**Motion:** **REP. KAUFMANN** moved that **AMENDMENT 46801 TO HB 468 BE ADOPTED.**

**REP. KAUFMANN** said the amendment increases the coordination in the program, it adds healthcare providers. **REP. LEWIS** said this was brought by the Hospital Association because they wanted clarification on who was covered.

**REP. BRUEGGEMAN** asked about the fourth amendment, page 3, line 1 where they want to add "culturally sensitive education". He asked if this is something that is typically done. Is this the kind of language we typically put into statute? He said he is not sure how much cultural sensitivity is involved in screening newborns, but it seems like strange language. **REP. KAUFMANN** said the fact is that some infants come from a different culture than the dominant culture, they might be Native American, Black, Hispanic, and it is generally a good idea to be sensitive to the cultural differences if you are trying to provide healthcare to people who are in different cultures. She said she does not know how often this is done in the law, but it isn't harmful or humorous to be sensitive to those differences when you are trying to provide basic health services to infants or their families.

**CHAIRMAN VICK** said his concern is how specific do our laws need to be. A doctor or a nurse should be trained to be culturally sensitive, but do we want that in statute. Could a doctor be sued for not being culturally sensitive and would that be appropriate. He suggested striking that part of the amendment.

**REP. BUZZAS** said in view of the fact they were discussing it and didn't know what it meant, maybe they should delete the language. She said she would hate to see the amendment go down because of that language.

**REP. KAUFMANN** said she agreed that practitioners should be trained in being culturally sensitive. She said she was responding to the idea that the language was strange and is willing to make a substitute amendment to delete under #4, the culturally sensitive language.

**Substitute Motion:** **REP. KAUFMANN** made a substitute motion that **AMENDMENT TO HB046801 BE ADOPTED.**

**REP. BRUEGGEMAN** said he did not mean to come across in a negative way, but he is very guarded when we are doing something he would consider "muddying" the code. It is not necessary. Practitioners should in every case be sensitive to the individual and their background when dealing with them. He said he did not think we need to put it in the code, so he agreed with this change.

**Substitute Motion/Vote:** **REP. KAUFMANN** made a substitute motion that **AMENDMENT TO HB046801 BE ADOPTED AS AMENDED. Motion carried unanimously.**

**REP. JAYNE** asked if money for this program would take away from the program it was intended for. **REP. LEWIS** said there is a \$250,000 fund balance after we funded their program, so we are taking half of that. **REP. JAYNE** spoke in favor of the bill and commended **REP. LEWIS** for his creative budgeting. This is a great source of funding and it is one that will help families identify hearing problems that are going to impact their child's development and get some help, or choose not to. Anything we do in this area saves money down the road.

**Motion/Vote:** **REP. JAYNE** moved that **HB 468 DO PASS AS AMENDED. Motion carried unanimously.**

*{Tape : 4; Side : B}*

**EXECUTIVE ACTION ON HB 397**

**REP. FISHER** said that funding for HB 397 had been found with the Resource Indemnity Trust. **CHAIRMAN VICK** said they could do that bill subject to an appropriation in HB 2. **REP. FISHER** said that would be acceptable. He said this bill had to do with the Columbia Basin study. It is important, not just for the Columbia Basin, but to protect the water rights of the state of Montana. The down stream people won't be going after it. He said the amendment he was given speaks to line 12 in the title and line 4 on page 3. He moved to pass those amendments and to delete item 3 on the amendment. **CHAIRMAN VICK** said you would not need the first one, just the second one. **REP. FISHER** withdrew his motion.

**Motion:** **REP. FISHER** moved that **HB 397 DO PASS.**

**REP. FISHER** said he would move Amendment HB039701, **EXHIBIT** (aph57a14).

**Motion/Vote:** **REP. FISHER** moved that **AMENDMENT HB039701 BE ADOPTED.** Motion carried 17-1 with Jayne voting no.

**Motion:** **REP. BUZZAS** moved that **AMENDMENT HB039702 BE ADOPTED.**

**REP. BUZZAS** said this amendment was handed out at the hearing and is in their folders.

**REP. JAYNE** said she would oppose this. **CHAIRMAN VICK** said you can vote for an amendment if you don't like the bill, but if the amendment makes the bill a little better, you can still vote for the amendment and oppose the bill. **REP. JAYNE** asked how she should vote if she liked the bill, because it will probably pass. **CHAIRMAN VICK** said if you do not want them included in the bill if it passes, you should vote no.

**REP. MCCANN** asked **REP. JAYNE** why she would not want the tribes to be part of this working group. **REP. JAYNE** said she does. If it is going to pass then the tribes should be in there, however the tribes oppose the bill as it is and that is why. **REP. MCCANN** said you should vote for the amendment. You don't have to, but for practical purposes you probably should.

**Motion/Vote:** **REP. BUZZAS** moved that **AMENDMENT HB039702 TO HB 397 BE ADOPTED.** Motion carried unanimously.

**REP. WITT** proposed a conceptual amendment to HB 397. He said the bill should be passed, but he would like to remove the money from the bill and fund the project from private sources. **CHAIRMAN VICK** said there is no money in the bill, do you want it clear

that we expect it to be funded from private sources. **REP. WITT** said he would like to do that.

**Motion/Vote:** **REP. WITT** moved that **CONCEPTUAL AMENDMENT TO HB 397 BE ADOPTED. Motion carried 17-1 with Buzzas voting no.**

**REP. KAUFMANN** asked if the bill is needed. She said she supported these kinds of collaborative agreements, particularly around water issues. They have served well in other areas of the state. She said that perhaps this provided the direction needed to pull it together. Couldn't the interested parties put it together? She asked **REP. HAINES** if these collaborative agreements need to be in statute. **REP. HAINES** said there may be times and places where a volunteer work force, so to speak, would be useful. However, this is so big dealing with the Clark Fork River Basin that he thinks there would be a lot of time spent arguing over who is going to do what without some sort of direction. He said it is worthwhile in this case.

**CHAIRMAN VICK** said there is already a termination date of April 15, 2005 in the bill.

**REP. BUZZAS** said we asked the question at the hearing if it needed to be statutorily mandated and they said yes. Even if we take the money out, because of the size of the project, they still want the bill to give it some sort of credence that it will actually occur.

**REP. CALLAHAN** asked for clarification. He asked if we will direct the Governor's office to designate an appropriate entity to convene the task force but we have provided no money to do it. Is that right. **CHAIRMAN VICK** said we have provided them with private contributions if they can raise the money.

**Motion/Vote:** **REP. FISHER** moved that **HB 397 DO PASS AS AMENDED. Motion carried 17-1 with Jayne voting no.**

#### **EXECUTIVE ACTION ON HB 376**

**REP. LEWIS** asked **REP. LINDEEN** if she was agreeable to TABLING HB 376. He said the administration had advised they support a Senate Bill that they would prefer to use as the vehicle for accomplishing this. **REP. LINDEEN** said she was not. It is her contention that we are the policy making body and we should decide this is what we would like to do.

#### **EXECUTIVE ACTION ON HB 57**

**Motion:** REP. HAINES moved that HB 57 DO PASS.

REP. HAINES said this is the bill the committee discussed taking some money out of section 8 and moving it to a housing revolving loan account. At the time, there was concern that the administration, particularly the Governor would not support this.

REP. HAINES said he asked **Budget Director Swysgood** this morning whether the administration was in favor of doing this and he said yes, \$500,000 coming out of the reserve account. REP. HAINES was instructed not to go over \$500,000 and not take from anywhere else.

CHAIRMAN VICK said then we don't need an amendment because that is the way the bill is currently written. Is that correct? REP. HAINES said that is correct.

REP. BUZZAS said she supported the bill and was glad to hear the Governor's office was behind this. The small amount of money taken out should not affect the section 8 program at all. It is a one time only. The importance of this bill is that it allows for construction, so it puts money in both ends of it. The money we earmarked in TANNIF for the housing loan revolving fund cannot go toward housing construction because of TANNIF restrictions. This would put the money into loan for builders and developers to help address this need on the other end. It is a really important piece of legislation.

**Motion/Vote:** REP. HAINES moved that HB 57 DO PASS. Motion carried 11-7 with Brueggeman, Davies, Fisher, Kasten, Pattison, Vick, and Witt voting no.

**ADJOURNMENT**

Adjournment: 11:55 A.M.

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REP. STEVE VICK, Chairman

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LINDA KEIM, Transcription Secretary

SV/PB/LK Transcribed by Linda Keim

**EXHIBIT (aph57aad)**